

**EXHIBIT "D"**

**(U.S. SPECIALTY EXCESS POLICY)**

# U.S. SPECIALTY INSURANCE COMPANY

## Excess Indemnity Policy



**HCC Global Financial Products**

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8 Forest Park Drive  
P.O. Box 4018  
Farmington, CT 06034

## U.S. SPECIALTY INSURANCE COMPANY

### EXCESS INDEMNITY POLICY

**This is a claims made policy. Please read it carefully.**

In consideration of the payment of the premium, and in reliance upon all statements made and information furnished to the Insurer and to the issuers of the **Underlying Insurance** and subject to the Declarations and the limitations, conditions, provisions, any endorsements to and all other terms of this Policy, the Insurer and the **Insureds** agree as follows:

#### I. INSURING AGREEMENT

The Insurer shall provide the **Insureds** with insurance excess of the **Underlying Insurance** scheduled in ITEM 4 of the Declarations. Except as specifically set forth in the terms, conditions or endorsements of this Policy, coverage hereunder shall apply in conformance with the terms, conditions, limitations and endorsements of the policy immediately underlying this Policy, except that coverage hereunder shall attach only after all **Underlying Insurance** has been exhausted by actual payment of claims or losses thereunder.

#### II. PRIMARY AND UNDERLYING INSURANCE

##### A. Maintenance of Underlying Insurance

All of the **Underlying Insurance** scheduled in ITEM 4 of the Declarations shall be maintained during the **Policy Period** in full effect except for any reduction of the limits of liability available under the **Underlying Insurance** solely by reason of actual payment of claims or losses thereunder. Subject at all times to Section II.B of this Policy, the Insurer shall not be liable under this policy earlier or to any greater extent than it would have been if the **Insureds** had complied with this condition.

##### B. Cancellation of Underlying Insurance

This Policy shall terminate immediately upon the cancellation of any one or more of the policies scheduled in ITEM 4 of the Declarations, whether cancelled by the **Insureds** or the applicable insurer. Notice of cancellation or non-renewal of any such policies duly given by any of the applicable insurers shall serve as notice of the cancellation or non-renewal of this Policy by the Insurer.

##### C. Amendment of Underlying Insurance

No amendment to any **Underlying Insurance** during the **Policy Period** shall be effective in extending the coverage or limits of liability afforded by this Policy unless the Insurer so agrees in writing.

#### III. DEFINITIONS

- A. **Insured** means any person or organization insured under the policy immediately underlying this Policy.
- B. **Policy Period** means the period from the inception date to the expiration date set forth in ITEM 2 of the Declarations, or to any earlier cancellation date.
- C. **Primary Policy** means the policy scheduled as such in ITEM 4 of the Declarations.

- D. **Underlying Insurance** means all policies scheduled in ITEM 4 of the Declarations and any policies replacing them.

#### IV. LIMITS OF LIABILITY

- A. The amount or amounts stated in ITEM 3 of the Declarations are the limits of the Insurer's liability and shall be the maximum amount(s) payable by the Insurer under this Policy. The limits of liability available under this Policy to pay damages or settlements shall be reduced, and may be exhausted, by the payment of defense expenses.
- B. In the event of the reduction of the limits of liability of the **Underlying Insurance** solely as the result of actual payment of claims or losses thereunder by the applicable insurers, this Policy shall, subject to the Insurer's limits of liability and to the other terms, conditions and endorsements of this Policy, continue to apply to claims or losses as excess insurance over the amount of insurance remaining under such **Underlying Insurance**.
- C. In the event of the exhaustion of all of the limits of liability of such **Underlying Insurance** solely as the result of actual payment of claims or losses thereunder, the remaining limits available under this Policy shall, subject to the Insurer's limits of liability and to the other terms, conditions and endorsements of this Policy, continue for subsequent claims or losses as primary insurance. Under such circumstances, any retention or deductible specified in the **Primary Policy** shall also apply to this Policy.

#### V. SETTLEMENT

The **Insureds** shall not admit liability for or settle any claim for any amount that would involve the coverage afforded by this Policy without the Insurer's prior written consent.

#### VI. CLAIM PARTICIPATION

The Insurer may, at its sole discretion, elect to participate in the investigation, settlement and/or defense of any claim against the **Insureds** even if the **Underlying Insurance** has not been exhausted.

#### VII. SUBROGATION AND RECOVERIES

- A. In the event of any payment under this Policy, the Insurer shall be subrogated to all the **Insureds'** rights of recovery against any person or organization, and the **Insureds** shall execute and deliver all instruments and papers and do whatever else is necessary to secure such rights.
- B. Any amount recovered after payment under this Policy shall be apportioned in the inverse order of payment to the extent of actual payment. The expenses of all such recovery proceedings shall be apportioned in the same ratio as the recoveries.

#### VIII. NOTICES

- A. If the **Insureds** give any notice of any matter under the **Underlying Insurance**, the **Insureds** must also give the Insurer written notice of such matter in the same manner as required by the terms and conditions of the **Primary Policy**, except that such written notice must be sent to the Insurer at the address set forth in ITEM 6 of the Declarations.
- B. The **Insureds** shall give the Insurer notice in writing as soon as practicable of:

1. the cancellation of any **Underlying Insurance**, or
2. any additional or return premiums charged or allowed in connection with any **Underlying Insurance**.

IX. POLICY TERMINATION

- A. This Policy may be canceled by the **Insureds** at any time either by surrender of this Policy or by written notice stating when thereafter such cancellation is to be effective. The mailing of such notice as aforesaid shall be sufficient proof of notice and this policy shall terminate at the date and hour specified in such notice.
- B. The Insurer shall refund the unearned premium computed at the customary short rate if the Policy is canceled by the **Insureds**.

X. CONFORMITY TO STATUTE

Any terms of this Policy which are in conflict with the terms of any applicable laws construing this Policy are hereby amended to conform to such laws.


XI. AUTHORIZATION AND NOTICES


The person or entity named in ITEM 1 of the Declarations shall be the sole agent, and shall act on behalf, of the **Insureds** with respect to all matters under this Policy, including but not limited to giving and receiving notices and other communication, effecting or accepting any endorsements to or notice of cancellation of this Policy, paying premium and receiving any return premiums.

XII. NO ALTERATIONS WITHOUT ENDORSEMENT

No change in or modification of this Policy shall be effective unless made by endorsement signed by an authorized employee of the Insurer or any of its agents relating to this Policy.

In witness whereof the Insurer has caused this Policy to be executed by its authorized officers, but this Policy will not be valid unless countersigned on the Declarations Page by a duly authorized representative of the Insurer.

  
Secretary

  
President



**U. S. SPECIALTY INSURANCE COMPANY**  
Houston, Texas

THIS IS A CLAIMS MADE EXCESS POLICY WHICH APPLIES ONLY TO CLAIMS FIRST MADE AGAINST THE INSURED DURING THE POLICY PERIOD. THE LIMITS OF LIABILITY AVAILABLE TO PAY DAMAGES OR SETTLEMENTS WILL BE REDUCED, AND MAY BE EXHAUSTED, BY THE PAYMENT OF DEFENSE EXPENSES. THE INSURER WILL NOT BE LIABLE FOR DEFENSE EXPENSES OR FOR THE AMOUNT OF ANY JUDGMENT OR SETTLEMENT AFTER EXHAUSTION OF THE LIMIT OF LIABILITY.

**DECLARATIONS  
EXCESS INDEMNITY POLICY  
(NEW YORK FORM)**

POLICY NUMBER: 24-MGU-07-A14479 RENEWAL OF: 24-MGU-06-A12290

ITEM 1. **INSURED:** Lehman Brothers Holdings Inc.  
1301 Avenue of the Americas  
New York, NY 10019

ITEM 2. **POLICY PERIOD:**  
(a) Inception Date: 5/16/2007  
(b) Expiration Date: 5/16/2008  
at 12:01 a.m. at the Principal Address stated in ITEM 1.

ITEM 3. **LIMIT OF LIABILITY (INCLUSIVE OF DEFENSE EXPENSES):** \$15,000,000

**ITEM 4. SCHEDULE OF UNDERLYING INSURANCE**

	<b>Insurer</b>	<b>Policy Number</b>	<b>Limit</b>
<b>Primary Policy</b>	XL Specialty Insurance Company	ELU097792-07	\$20,000,000
<b>1<sup>st</sup> Excess</b>	Federal Insurance Company	7043-0876	\$15,000,000
<b>2<sup>nd</sup> Excess</b>	Continental Casualty Company	267996454	\$10,000,000
<b>3<sup>rd</sup> Excess</b>	Lloyds of London	B0509QA016907	\$10,000,000

ITEM 5. **PREMIUM:** \$676,420.00

**ITEM 6. NOTICES REQUIRED TO BE GIVEN TO INSURER MUST BE ADDRESSED TO:**

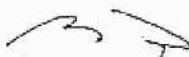
HCC GLOBAL FINANCIAL PRODUCTS  
P.O. Box 4018  
Farmington, CT 06034  
Attention: Claims Manager

ITEM 7. **ENDORSEMENTS ATTACHED AT ISSUANCE:**  
NY9 NY10 NY11 NY12 NY13 994-900 994-985 80016

IN WITNESS WHEREOF, the Insurer has caused this Policy to be signed on the Declarations Page by its President, a Secretary and a duly authorized representative of the Insurer.



Secretary



President



Authorized Representative

Date: June 29, 2007

USSIC-NY 993 (04/2002)

**NOTICE:**

These policy forms and the applicable rates are exempt from the filing requirements of the New York state insurance department. However, such forms and rates must meet the minimum standards of the New York insurance law and regulations.

ENDORSEMENT NUMBER: 1

**NEW YORK AMENDATORY ENDORSEMENT:  
COMPLIANCE WITH NEW YORK INSURANCE LAW**

To be attached to and made a part of Policy No. 24-MGU-07-A14479, issued to Lehman Brothers Holdings Inc. by U.S. Specialty Insurance Company.

In consideration of the premium charged, it is hereby understood and agreed that, notwithstanding anything in this Policy to the contrary, with respect to such insurance as is afforded by this Policy, the terms of this Policy as respects coverage for operations in the State of New York shall conform to the coverage requirements of the applicable insurance laws of the State of New York or the applicable regulations of the New York Insurance Department; provided, however, that the Insurer's limit of liability as stated in this Policy shall be excess of the limits of liability of any underlying insurance or self-insurance as stated in the Declarations or in any endorsement attached hereto.

All other terms, conditions and limitations of this Policy will remain unchanged.

Complete the following only when this endorsement is not prepared with the policy or is not to be effective with the policy.

Effective Date of this endorsement:

By: \_\_\_\_\_  
Attorney-in-Fact

**NOTICE:** These policy forms and the applicable rates are exempt from the filing requirements of the New York state insurance department. However, such forms and rates must meet the minimum standards of the New York insurance law and regulations.

NY9

Ed. 11/00

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ENDORSEMENT NUMBER: 2

**NEW YORK AMENDATORY ENDORSEMENT:  
NOTICES**

To be attached to and made a part of Policy No. 24-MGU-07-A14479, issued to Lehman Brothers Holdings Inc. by U.S. Specialty Insurance Company.

In consideration of the premium charged, Section VIII. NOTICES is amended to read as follows:

**VIII. NOTICES**

- A. If the **Insureds** give any notice of any matter under the **Underlying Insurance**, the **Insureds** must also give the Insurer written notice of such matter in the same manner as required by the terms and conditions of the **Primary Policy**, except that such written notice must be sent to the Insurer at the address set forth in ITEM 6 of the Declarations.
- B. Notice of any matter, whether by or on behalf of any person or entity entitled to coverage under this Policy or by or on behalf of any claimant against any such person or entity, will be deemed written notice to the Insurer if given to any licensed agent of the Insurer in this state, with particulars sufficient to identify the person or entity entitled to coverage.
- C. Failure by any person or entity entitled to coverage under this Policy to give any notice required to be given within any prescribed time will not invalidate any coverage that would otherwise have been available if it is shown that (a) it was not reasonably possible to give such notice within the prescribed time and (b) notice was given as soon as reasonably possible. Notice given during any applicable Discovery Period will be deemed notice during the **Policy Period**.
- D. The **Insureds** shall give the Insurer notice in writing as soon as practicable of:
  - 1. the cancellation of any **Underlying Insurance**, or
  - 2. any additional or return premiums charged or allowed in connection with any **Underlying Insurance**.

All other terms, conditions and limitations of this Policy will remain unchanged.

Complete the following only when this endorsement is not prepared with the policy or is not to be effective with the policy.

Effective Date of this endorsement:

By: \_\_\_\_\_  
Attorney-in-Fact

**NOTICE:**

These policy forms and the applicable rates are exempt from the filing requirements of the New York state insurance department. However, such forms and rates must meet the minimum standards of the New York insurance law and regulations.

NY10  
Ed. 11/00



ENDORSEMENT NUMBER: 3

**NEW YORK AMENDATORY ENDORSEMENT:  
REGULATION 121 – DECLARATIONS PAGE SUPPLEMENT**

To be attached to and made a part of Policy No. 24-MGU-07-A14479, issued to Lehman Brothers Holdings Inc. by U.S. Specialty Insurance Company.

In consideration of the premium charged:

- (1) This is a "claims-made" policy which means, generally, that coverage applies under this Policy for only those claims first made against the **Insured** during the **Policy Period**.
- (2) This Policy provides no coverage for claims arising out of incidents, occurrences or alleged wrongful acts which took place prior to the retroactive date, if any, stated in the Policy.
- (3) This Policy covers only claims actually made against the **Insured** while the Policy remains in effect and all coverage under the Policy ceases upon the termination of the Policy, except for any automatic discovery period coverage that may be available pursuant to the provisions of the **Underlying Insurance**, unless the **Insured** purchases additional discovery period coverage available pursuant to the provisions of the **Underlying Insurance**.
- (4) During the first several years of being covered under a "claims-made" policy, claims-made premium rates are comparatively lower than rates on other types of policies. You can expect substantial annual premium increases, independent of overall rate level increases, until the claims-made relationship reaches maturity.

All other terms, conditions and limitations of this Policy will remain unchanged.

Complete the following only when this endorsement is not prepared with the policy or is not to be effective with the policy.

Effective Date of this endorsement:

By: \_\_\_\_\_  
Attorney-in-Fact

**NOTICE:** These policy forms and the applicable rates are exempt from the filing requirements of the New York state insurance department. However, such forms and rates must meet the minimum standards of the New York insurance law and regulations.

NY11

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Ed. 11/00

ENDORSEMENT NUMBER: 4

**NEW YORK AMENDATORY ENDORSEMENT:  
REGULATION 121 – APPLICATION SUPPLEMENT**

To be attached to and made a part of Policy No. 24-MGU-07-A14479, issued to Lehman Brothers Holdings Inc. by U.S. Specialty Insurance Company.

In consideration of the premium charged:

- (1) This is a "claims-made" policy which means, generally, that coverage applies under this Policy for only those claims first made against the **Insured** during the **Policy Period**.
- (2) This Policy provides no coverage for claims arising out of incidents, occurrences or alleged wrongful acts which took place prior to the retroactive date, if any, stated in the Policy.
- (3) This Policy covers only claims actually made against the **Insured** while the Policy remains in effect and all coverage under the Policy ceases upon the termination of the Policy, except for any automatic discovery period coverage that may be available pursuant to the provisions of the **Underlying Insurance**, unless the **Insured** purchases additional discovery period coverage available pursuant to the provisions of the **Underlying Insurance**.

All other terms, conditions and limitations of this Policy will remain unchanged.

Complete the following only when this endorsement is not prepared with the policy or is not to be effective with the policy.

Effective Date of this endorsement:

By: \_\_\_\_\_  
Attorney-in-Fact

**NOTICE:**

These policy forms and the applicable rates are exempt from the filing requirements of the New York state insurance department. However, such forms and rates must meet the minimum standards of the New York insurance law and regulations.

NY12  
Ed. 11/00

ENDORSEMENT NUMBER: 5

**NEW YORK AMENDATORY ENDORSEMENT:  
REGULATION 162**

To be attached to and made a part of Policy No. 24-MGU-07-A14479, issued to Lehman Brothers Holdings Inc. by U.S. Specialty Insurance Company.

In consideration of the premium charged:

- (1) To the extent this Policy provides coverage for Defense Expenses incurred defending a criminal proceeding, such coverage is limited to that permitted by Section 726 of the Business Corporation Law, Section 726 of the Not-for-Profit Corporation Law, and Section 7023 of the Banking Law, whichever is applicable.
- (2) There is no coverage under this Policy for legal services insurance with respect to any claim that is an administrative proceeding or seeks injunctive or other non-pecuniary relief if such claim:
  - (a) involves entitlement to non-employment related benefits, provided directly or indirectly, from any government, governmental agency or political subdivision pursuant to an entitlement program; or
  - (b) is initiated or instituted by a large commercial insured, as defined in Section 71.1 of Department Regulation No. 107.
- (3) No more than twenty-five percent (25%) of this Policy's Limit of Liability may be reduced by the payment of loss constituting legal services insurance.

All other terms, conditions and limitations of this Policy will remain unchanged.

Complete the following only when this endorsement is not prepared with the policy or is not to be effective with the policy.

Effective Date of this endorsement:

By: \_\_\_\_\_  
Attorney-in-Fact

ENDORSEMENT NUMBER: 6

**PRIOR AND PENDING LITIGATION EXCLUSION**

To be attached to and made a part of Policy No. 24-MGU-07-A14479, issued to Lehman Brothers Holdings Inc. by U.S. Specialty Insurance Company.

In consideration of the premium charged, it is agreed that there is no coverage under this Policy for any claim arising out of, based upon or attributable to any pending or prior litigation as of 3/31/89, or alleging or derived from the same or essentially the same facts or circumstances as alleged in such pending or prior litigation.

All other terms, conditions and limitations of this Policy will remain unchanged.

Complete the following only when this endorsement is not prepared with the policy or is not to be effective with the policy.

Effective date of this endorsement:

By: \_\_\_\_\_  
Attorney-in-Fact

**NOTICE:**

These policy forms and the applicable rates are exempt from the filing requirements of the New York state insurance department. However, such forms and rates must meet the minimum standards of the New York insurance law and regulations.

9944900  
Ed. 07/01

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ENDORSEMENT NUMBER: 7

**AMEND CONFORMITY TO STATUTE PROVISION**

To be attached to and made a part of Policy No. 24-MGU-07-A14479, issued to Lehman Brothers Holdings Inc. by U.S. Specialty Insurance Company.

In consideration of the premium charged, it is agreed that Section X of the Policy is amended to read in its entirety as follows:

**X. CONFORMITY TO STATUTE**

Any terms of this Policy which are in conflict with the terms of any applicable laws construing this Policy are hereby amended to conform to such laws. However, in the event that there is an inconsistency between a state amendatory attached to this Policy and any term or condition of this Policy, then where permitted by law, the Insurer shall apply those terms and conditions of either the state amendatory or the Policy which are more favorable to the Insureds.

All other terms, conditions and limitations of this Policy will remain unchanged.

Complete the following only when this endorsement is not prepared with the Policy or is not to be effective with the Policy.

Effective date of this endorsement:

By: \_\_\_\_\_  
Attorney-in-Fact

**NOTICE:** These policy forms and the applicable rates are exempt from the filing requirements of the New York state insurance department. However, such forms and rates must meet the minimum standards of the New York insurance law and regulations.

ENDORSEMENT NUMBER: 8

**POLICYHOLDER DISCLOSURE – TERRORISM PREMIUM NOTICE**

To be attached to and made a part of Policy No. 24-MGU-07-A14479, issued to Lehman Brothers Holdings Inc. by U.S. Specialty Insurance Company.

Your Policy contains coverage for certain losses caused by terrorism. We are required to notify you of the portion of the premium, if any, attributable to the coverage for terrorist acts certified under the Terrorism Risk Insurance Act (TRIA) of 2002, as extended on December 22, 2005. TRIA also requires us to provide disclosure of federal participation in payment of terrorism losses resulting from an "act of terrorism" as defined by Section 102(1) of TRIA.

Section 102(1) of TRIA defines the term "act of terrorism" as any act that is certified by the Secretary of the Treasury of the United States – in concurrence with the Secretary of State of the United States and the Attorney General of the United States – to be an act of terrorism; to be a violent act or an act that is dangerous to human life, property, or infrastructure; to have resulted in damage within the United States, or outside the United States in the case of an air carrier or vessel or the premises of a United States mission; and to have been committed by an individual or individuals acting on behalf of any foreign person or foreign interest, as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

Please be advised that the actual coverage provided by your Policy for acts of terrorism, as is true for all coverages, is limited by the terms, conditions, exclusions, limits and other provisions of your Policy, any endorsements to the Policy and generally applicable rules of law.

YOU SHOULD KNOW THAT, WHERE COVERAGE IS PROVIDED BY THIS POLICY FOR LOSSES RESULTING FROM CERTIFIED ACTS OF TERRORISM, SUCH LOSSES MAY BE PARTIALLY REIMBURSED BY THE UNITED STATES GOVERNMENT UNDER A FORMULA ESTABLISHED BY FEDERAL LAW. UNDER THIS FORMULA, THE UNITED STATES GOVERNMENT GENERALLY PAYS 90% (85% COMMENCING IN 2007) OF COVERED TERRORISM LOSSES EXCEEDING THE STATUTORILY ESTABLISHED DEDUCTIBLE PAID BY THE INSURANCE COMPANY PROVIDING THE COVERAGE. THE PREMIUM CHARGED FOR THIS COVERAGE IS PROVIDED BELOW AND DOES NOT INCLUDE ANY CHARGES FOR THE PORTION OF LOSS COVERED BY THE FEDERAL GOVERNMENT UNDER TRIA.

The amount of your premium that is attributable to coverage for terrorist acts certified under TRIA is \$0.

All other terms, conditions and limitations of this Policy will remain unchanged.

Complete the following only when this endorsement is not prepared with the Policy or is not to be effective with the Policy.

Effective date of this endorsement:

By: \_\_\_\_\_  
Attorney-in-Fact

ENDORSEMENT NUMBER: 8

**SPECIAL ENDORSEMENT**

To be attached to and made a part of Policy No. 24-MGU-07-A14479, issued to Lehman Brothers Holdings Inc. by U.S. Specialty Insurance Company.

In consideration of the premium charged, it is agreed that:

- (1) For purposes of this endorsement, **Specific Underlying Policy** means the following policy of **Underlying Insurance**:  
Policy Number 7043-0876 issued by Federal Insurance Company.
- (2) This Policy will follow the form of endorsement numbers 1, 5 & 6 to the **Specific Underlying Policy**, notwithstanding anything to the contrary elsewhere in this Policy.

All other terms, conditions and limitations of this Policy will remain unchanged.

Complete the following only when this endorsement is not prepared with the Policy or is not to be effective with the Policy.

Effective date of this endorsement: 5/16/2007

By: \_\_\_\_\_

Attorney-in-Fact

**NOTICE:**

THESE POLICY FORMS AND THE APPLICABLE RATES ARE EXEMPT FROM THE FILING REQUIREMENTS OF THE NEW YORK STATE INSURANCE DEPARTMENT. HOWEVER, SUCH FORMS AND RATES MUST MEET THE MINIMUM STANDARDS OF THE NEW YORK INSURANCE LAW AND REGULATIONS.

ENDORSEMENT NUMBER: 9

**DELETE AN ENDORSEMENT**

To be attached to and made a part of Policy No. 24-MGU-07-A14479, issued to Lehman Brothers Holdings Inc. by U.S. Specialty Insurance Company.

In consideration of the premium charged, it is agreed that Endorsement Number 8 is deleted in its entirety.

All other terms, conditions and limitations of this Policy will remain unchanged.

Complete the following only when this endorsement is not prepared with the Policy or is not to be effective with the Policy.

Effective date of this endorsement: 5/16/2007

By:   
Attorney-in-Fact

**NOTICE:** THESE POLICY FORMS AND THE APPLICABLE RATES ARE EXEMPT FROM THE FILING REQUIREMENTS OF THE NEW YORK STATE INSURANCE DEPARTMENT. HOWEVER, SUCH FORMS AND RATES MUST MEET THE MINIMUM STANDARDS OF THE NEW YORK INSURANCE LAW AND REGULATIONS.



ENDORSEMENT NUMBER: 10

**SPECIAL ENDORSEMENT**

To be attached to and made a part of Policy No. 24-MGU-07-A14479, issued to Lehman Brothers Holdings Inc. by U.S. Specialty Insurance Company.

In consideration of the premium charged, it is agreed that:

- (1) For purposes of this endorsement, **Specific Underlying Policy** means the following policy of **Underlying Insurance**:  
Policy Number 7043-0876 issued by Federal Insurance Company.
- (2) This Policy will follow the form of endorsement numbers 1, 5 & 9 to the **Specific Underlying Policy**, notwithstanding anything to the contrary elsewhere in this Policy.

All other terms, conditions and limitations of this Policy will remain unchanged.

Complete the following only when this endorsement is not prepared with the Policy or is not to be effective with the Policy.

Effective date of this endorsement: 5/16/2007

By:   
Attorney-in-Fact

**NOTICE:** THESE POLICY FORMS AND THE APPLICABLE RATES ARE EXEMPT FROM THE FILING REQUIREMENTS OF THE NEW YORK STATE INSURANCE DEPARTMENT. HOWEVER, SUCH FORMS AND RATES MUST MEET THE MINIMUM STANDARDS OF THE NEW YORK INSURANCE LAW AND REGULATIONS.

ENDORSEMENT NUMBER: 11

**DELETE AN ENDORSEMENT**

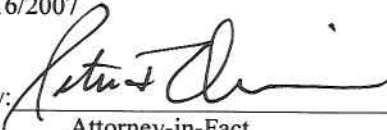
To be attached to and made a part of Policy No. 24-MGU-07-A14479, issued to  
Lehman Brothers Holdings Inc. by U.S. Specialty Insurance Company.

In consideration of the premium charged, it is agreed that Endorsement Number 10 is deleted in its entirety.

All other terms, conditions and limitations of this Policy will remain unchanged.

Complete the following only when this endorsement is not prepared with the Policy or is not to be effective  
with the Policy.

Effective date of this endorsement: 5/16/2007

By:   
Attorney-in-Fact

**NOTICE:** THESE POLICY FORMS AND THE APPLICABLE RATES ARE EXEMPT FROM THE FILING  
REQUIREMENTS OF THE NEW YORK STATE INSURANCE DEPARTMENT. HOWEVER, SUCH FORMS AND RATES MUST  
MEET THE MINIMUM STANDARDS OF THE NEW YORK INSURANCE LAW AND REGULATIONS.

ENDORSEMENT NUMBER: 12

**SPECIAL ENDORSEMENT**

To be attached to and made a part of Policy No. 24-MGU-07-A14479, issued to  
Lehman Brothers Holdings Inc. by U.S. Specialty Insurance Company.

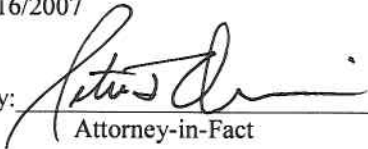
In consideration of the premium charged, it is agreed that:

- (1) For purposes of this endorsement, **Specific Underlying Policy** means the following policy of  
**Underlying Insurance:**  
Policy Number 7043-0876 issued by Federal Insurance Company.
- (2) This Policy will follow the form of endorsement number 1,5,7 & 9 to the **Specific Underlying  
Policy**, notwithstanding anything to the contrary elsewhere in this Policy.

All other terms, conditions and limitations of this Policy will remain unchanged.

Complete the following only when this endorsement is not prepared with the Policy or is not to be effective  
with the Policy.

Effective date of this endorsement: 5/16/2007

By:   
Attorney-in-Fact

**NOTICE:**

THESE POLICY FORMS AND THE APPLICABLE RATES ARE EXEMPT FROM THE FILING  
REQUIREMENTS OF THE NEW YORK STATE INSURANCE DEPARTMENT. HOWEVER, SUCH FORMS AND RATES MUST  
MEET THE MINIMUM STANDARDS OF THE NEW YORK INSURANCE LAW AND REGULATIONS.

ENDORSEMENT NUMBER: 13

**POLICYHOLDER DISCLOSURE – TERRORISM PREMIUM NOTICE**

To be attached to and made a part of Policy No. 24-MGU-07-A14479, issued to Lehman Brothers Holdings Inc. by U.S. Specialty Insurance Company.

Your Policy contains coverage for certain losses caused by terrorism. We are required to notify you of the portion of the premium, if any, attributable to the coverage for terrorist acts certified under the Terrorism Risk Insurance Act (TRIA) of 2002, as extended on December 22, 2005. TRIA also requires us to provide disclosure of federal participation in payment of terrorism losses resulting from an "act of terrorism" as defined by Section 102(1) of TRIA.

Section 102(1) of TRIA defines the term "act of terrorism" as any act that is certified by the Secretary of the Treasury of the United States – in concurrence with the Secretary of State of the United States and the Attorney General of the United States – to be an act of terrorism; to be a violent act or an act that is dangerous to human life, property, or infrastructure; to have resulted in damage within the United States, or outside the United States in the case of an air carrier or vessel or the premises of a United States mission; and to have been committed by an individual or individuals acting on behalf of any foreign person or foreign interest, as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

Please be advised that the actual coverage provided by your Policy for acts of terrorism, as is true for all coverages, is limited by the terms, conditions, exclusions, limits and other provisions of your Policy, any endorsements to the Policy and generally applicable rules of law.

YOU SHOULD KNOW THAT, WHERE COVERAGE IS PROVIDED BY THIS POLICY FOR LOSSES RESULTING FROM CERTIFIED ACTS OF TERRORISM, SUCH LOSSES MAY BE PARTIALLY REIMBURSED BY THE UNITED STATES GOVERNMENT UNDER A FORMULA ESTABLISHED BY FEDERAL LAW. UNDER THIS FORMULA, THE UNITED STATES GOVERNMENT GENERALLY PAYS 90% (85% COMMENCING IN 2007) OF COVERED TERRORISM LOSSES EXCEEDING THE STATUTORILY ESTABLISHED DEDUCTIBLE PAID BY THE INSURANCE COMPANY PROVIDING THE COVERAGE. THE PREMIUM CHARGED FOR THIS COVERAGE IS PROVIDED BELOW AND DOES NOT INCLUDE ANY CHARGES FOR THE PORTION OF LOSS COVERED BY THE FEDERAL GOVERNMENT UNDER TRIA.

The amount of your premium that is attributable to coverage for terrorist acts certified under TRIA is \$0.

All other terms, conditions and limitations of this Policy will remain unchanged.

Complete the following only when this endorsement is not prepared with the Policy or is not to be effective with the Policy.

Effective date of this endorsement:

By:

  
Attorney-in-Fact

**NOTICE:**

These policy forms and the applicable rates are exempt from the filing requirements of the New York state insurance department. However, such forms and rates must meet the minimum standards of the New York insurance law and regulations.